

DECISION

**TRA case reference no. 01/07 – Cable and Wireless PLC /
Hawar Holding Company (transfer of shares)**

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A Decision issued by the Telecommunications
Regulatory Authority under the
Telecommunications Mergers and Acquisitions
Regulation, Regulation 3 of 2004

21 February 2007

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Article 3.2(b) NON-OPPOSITION



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Background

- 1.1 On January 22 2007, the Telecommunications Regulatory Authority (“TRA”) received a Notification of a Qualifying Transaction (“Notification”) pursuant to Article 2 of the Telecommunications Mergers and Acquisitions Regulation¹ (the “Regulation”).
- 1.2 Based upon the Notification the Qualifying Transaction will occur in the following manner:
 - 1.2.1 Cable and Wireless PLC (“CW”) has transferred its 20% shareholding in Batelco to a wholly owned subsidiary called Amber Holdings Limited (“Amber”), hereafter referred to as the “Prior Transaction”; then
 - 1.2.2 CW will transfer 100% of the shares in Amber to Hawar Holding Company (“Hawar”), referred to as the “Qualifying Transaction”.
- 1.3 Amber is a wholly-owned subsidiary of CW.
- 1.4 Hawar is owned in equal shares by Bahrain Mumtalakat Holding Company B.S.C.(c) (“Mumtalakat”), the Pension Fund Commission (“PFC”) and the General Organisation for Social Insurance (“GOSI”), (which are collectively the “Acquiring Party”).
- 1.5 Mumtalakat is a holding company wholly owned by the Government of the Kingdom of Bahrain.
- 1.6 TRA acknowledges Article 12.7.4 of the Free Trade Agreement between the Kingdom of Bahrain and the United States of America whereby the Kingdom of Bahrain has agreed to eliminate as soon as feasible national government ownership in any supplier of public telecommunications services.

II. The Parties

- 2.1 The parties to the Transaction are involved in the following activities:
 - Acquiring Party: *Various, including investment activities*
 - CW: *Telecommunications, holding company*
 - Hawar: *Holding company*

¹ Regulation No3 of 2004

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2.2 The parties to the Transaction hold the following telecommunications licenses:

- Acquiring Party: *None*
- CW: *None*
- Hawar: *None*

III. Bahrain Telecommunications Industry

3.1 The Transaction involves a market affecting the telecommunications industry in the Kingdom of Bahrain.

IV. The Transaction

4.1 Before the Prior Transaction, CW directly held 20% of the shareholding of Batelco.

4.2 As a result of the Prior Transaction, CW's 20% shareholding in Batelco was transferred to Amber.

4.3 Following the Qualifying Transaction, Hawar will have acquired 100% of Amber.

4.4 Hawar's shareholders will therefore indirectly control 20% of the shareholding of Batelco, as well as the direct shareholdings each hold in Batelco.

V. Competitive Assessment

5.1 TRA has concluded that the Transaction does not raise serious doubts as to its compatibility with the Regulation. In reaching this conclusion TRA has considered, *inter alia*, that on the basis of the information made available by the parties to TRA and without having received any comments from interested third parties, it does not appear that the parties to the Transaction have any direct or indirect interests in licensed telecommunications operators in the Kingdom of Bahrain, other than PFC's minority interest of 1,500,000 shares (approximately 5%) in MTC-Vodafone Bahrain.

5.2 TRA will continue to monitor the behaviour and compliance of Batelco with the competition provisions in Batelco's licenses and the Telecommunications Law.

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VI. Conclusion

- 6.1 TRA has determined pursuant to Article 3.2(b) of the Regulation decided that the Transaction does not raise serious doubts as to compatibility with the Regulation.
- 6.2 This decision shall be published in accordance with the provisions of the Regulation, and a copy of the same shall be served on the parties and the Ministry of Industry and Commerce.

For the Telecommunications Regulatory Authority
Dr. Mohammed J. K. Alghatam
Chairman of the Board of Directors
Acting General Director
21 February 2007